

SENATE BILL NO. 12—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE ADVISORY COMMITTEE ON HOUSING)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Government Affairs

SUMMARY—Requires certain notices before the termination, expiration or ending of a restriction relating to the affordability of certain housing. (BDR 25-372)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to housing; requiring an owner of certain housing that is financed by tax credits or other money provided by a government agency to provide certain notices before the termination, expiration or ending of a restriction relating to the affordability of the housing; setting forth requirements for such notice; authorizing the Housing Division of the Department of Business and Industry to impose an administrative fine upon an owner who fails to provide notice of the termination or expiration of a restriction; authorizing the Division to prohibit an owner who terminates an affordability restriction from applying for certain tax credits; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing federal law establishes a federal income tax credit in an amount equal  
2 to a certain percentage of the costs of constructing a low-income housing project.  
3 Under existing federal law, to be eligible for this credit, a certain percentage of the  
4 residential units in the project are required to be subject to certain affordability  
5 restrictions that set a limit on the income level of occupants of the units and restrict  
6 the amount of rent that may be charged to such occupants. An owner of property  
7 that is part of the low-income housing project that wishes to receive the federal  
8 low-income housing tax credit is required to enter into an agreement with a housing  
9 credit agency in which the owner commits to maintain the affordability restrictions  
10 on the property for a compliance period of 15 years and an additional period of time  
11 of at least 15 years following the compliance period. However, existing federal law



12 authorizes an owner, after the 14th year of the compliance period, to request that  
13 the housing credit agency find a buyer to purchase the property. The housing credit  
14 agency then has 1 year to find a buyer for the property that will maintain the  
15 affordability restrictions. If the housing credit agency does not present the owner  
16 with a qualified contract for the acquisition of the property within the 1-year period,  
17 the affordability restrictions on the property terminate, subject to a 3-year period in  
18 which the owner is generally prohibited from raising certain rents and evicting  
19 existing tenants. (26 U.S.C. § 42) Existing state law designates the Housing  
20 Division of the Department of Business and Industry as the housing credit agency  
21 for the State that allocates and distributes the federal low-income housing credit.  
22 (NRS 319.145)

23 **Sections 3 and 4** of this bill require the owner of any housing which has been  
24 financed by the federal low-income housing tax credit or any other money provided  
25 by a governmental agency and that is subject to affordability restrictions similar to  
26 those required for eligibility for the federal low-income housing tax credit to  
27 provide written notice before terminating an affordability restriction or before the  
28 expiration of the affordability restriction, as applicable. **Sections 3 and 4** also set  
29 forth the contents for such a notice and require the notice to be provided to each  
30 tenant, the Division and certain other persons not less than: (1) twelve months  
31 before the owner submits a request to the Division for a qualified contract; or (2) if  
32 such a request is not applicable, 12 months before the date upon which the  
33 affordability restriction will expire. **Sections 3 and 4** further authorize the Division  
34 to: (1) impose an administrative penalty upon an owner who fails to provide the  
35 required notice; and (2) prohibit an owner who terminates an affordability  
36 restriction from applying to the Division for an allocation of federal low-income  
37 housing tax credits for a period not to exceed 5 years.

38 **Section 5** of this bill requires an owner that will voluntarily maintain an  
39 affordability restriction on housing after the expiration of the affordability  
40 restriction to provide written notice to the Division not less than 12 months before  
41 the expiration of the affordability restriction and, thereafter, submit an annual report  
42 to the Division for as long as the owner voluntarily maintains the affordability  
43 restriction. **Section 5** also requires the owner to provide written notice at least 12  
44 months before ending the voluntary affordability restriction to the county, the city,  
45 the Division and each tenant.

46 **Section 6** of this bill provides that the provisions of this bill apply to: (1) every  
47 owner of housing that is subject to an affordability restriction on or after October 1,  
48 2021; and (2) every owner of housing that on October 1, 2021, has voluntarily  
49 maintained an affordability restriction after the expiration of the affordability  
50 restriction.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 319 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this  
3 act.

4 **Sec. 2.** *As used in sections 2 to 5, inclusive, of this act, unless*  
5 *the context otherwise requires:*

6 1. *“Affordability restriction” means a limit on rent that an*  
7 *owner may charge for occupancy of a dwelling unit in a project or*



1 *a limit on the income of tenants for persons or families seeking to*  
2 *qualify as tenants in a project.*

3 2. *“Federal low-income housing tax credit” has the meaning*  
4 *ascribed to it in NRS 360.863.*

5 3. *“Owner” means a person who has an ownership interest in*  
6 *a project.*

7 4. *“Project” means a residential housing development*  
8 *consisting of one or more dwelling units that:*

9 (a) *Has been financed in whole or in part by tax credits*  
10 *relating to low-income housing, including, without limitation, the*  
11 *federal low-income housing tax credit, or any other money*  
12 *provided by a governmental agency, for which compliance is*  
13 *administered by the Division; and*

14 (b) *Is subject to an affordability restriction.*

15 5. *“Qualified contract” has the meaning ascribed to it in 26*  
16 *U.S.C. § 42.*

17 6. *“Qualified low-income housing project” has the meaning*  
18 *ascribed to it in 26 U.S.C. § 42.*

19 7. *“Tenant” has the meaning ascribed to it in NRS 118A.170.*

20 **Sec. 3. 1.** *An owner who intends to terminate an*  
21 *affordability restriction and submit a request to the Division to*  
22 *obtain a qualified contract for the acquisition of a project shall*  
23 *provide written notice to:*

24 (a) *The governing body of each county and, if applicable, city*  
25 *within which some or all of the project is located.*

26 (b) *The Division. Upon receipt of such notice, the Division*  
27 *shall provide written notice to each owner who has an ownership*  
28 *interest in a qualified low-income housing project in this State.*

29 (c) *Each tenant of the affected project.*

30 2. *The written notice required pursuant to subsection 1 must*  
31 *be provided by the owner not less than 12 months before the owner*  
32 *submits the request to the Division to obtain a qualified contract*  
33 *for the acquisition of the project.*

34 3. *The written notice required to be provided to a tenant of*  
35 *the affected project pursuant to subsection 1 must include, without*  
36 *limitation:*

37 (a) *The program pursuant to which the owner is terminating*  
38 *the affordability restriction;*

39 (b) *The number of dwelling units affected by the termination;*

40 (c) *The anticipated date of the termination;*

41 (d) *A statement that the written notice is not a notice to vacate*  
42 *the dwelling unit and that the tenant is not required to vacate the*  
43 *dwelling unit;*

44 (e) *A description of the effects of the termination on the lease*  
45 *and future rent of the tenant;*



1 (f) A description of the protections for tenants and resources  
2 for relocation set forth in the program pursuant to which the  
3 affordability restriction is being terminated;

4 (g) A description of the protections for tenants and the  
5 resources for relocation set forth in chapters 118, 118A and 118B  
6 of NRS;

7 (h) A description of the resources for housing assistance in the  
8 local community; and

9 (i) The contact information of the owner of the project.

10 4. The written notice required to be provided to the governing  
11 body of each applicable county and city, the Division and each  
12 owner who has an ownership interest in a qualified low-income  
13 housing project pursuant to subsection 1 must include, without  
14 limitation:

15 (a) The program pursuant to which the owner is terminating  
16 the affordability restriction;

17 (b) The number of dwelling units that will be affected by the  
18 termination;

19 (c) The anticipated date of the termination;

20 (d) Information regarding the disposition of the project after  
21 the termination of the affordability restriction, including, without  
22 limitation:

23 (1) That the project is required to be made available for  
24 purchase; and

25 (2) The time frame for the submission of offers to purchase  
26 the project;

27 (e) An identification of whether the owner receives a property  
28 tax exemption for the project pursuant to NRS 361.082 and  
29 whether the owner intends to maintain the exemption after the  
30 termination of the affordability restriction; and

31 (f) The contact information of the owner of the project.

32 5. After providing the written notice required pursuant to  
33 subsection 1, the owner who intends to terminate the affordability  
34 restriction shall hold at least one meeting for tenants of the  
35 affected project to discuss the information contained in the written  
36 notice and answer any questions regarding the written notice.  
37 Notice of such meeting must be provided to each tenant of the  
38 affected project not less than 5 business days before the meeting.

39 6. The Division may:

40 (a) Prohibit an owner who has terminated an affordability  
41 restriction from applying to the Division to obtain an allocation of  
42 federal low-income housing tax credits for a period not to exceed 5  
43 years.

44 (b) Impose an administrative fine of not more than \$10,000  
45 upon an owner who fails to provide the written notice required



1 *pursuant to subsection 1. The Division may use not more than*  
2 *\$500 of the money collected from the imposition of the fine to*  
3 *cover the costs of collecting the fine.*

4 *7. The Division may adopt regulations to carry out the*  
5 *provisions of this section.*

6 **Sec. 4. 1.** *An owner who intends to end the affordability*  
7 *restriction on a project upon the expiration of the affordability*  
8 *restriction shall provide written notice to:*

9 *(a) The governing body of each county and, if applicable, city*  
10 *within which some or all of the project is located.*

11 *(b) The Division. Upon receipt of such notice, the Division*  
12 *shall provide written notice to each owner who has an ownership*  
13 *interest in a qualified low-income housing project in this State.*

14 *(c) Each tenant of the affected project.*

15 *2. The written notice required pursuant to subsection 1 must*  
16 *be provided by the owner not less than 12 months before the*  
17 *expiration of the affordability restriction. If the project is subject*  
18 *to affordability restrictions with different expiration dates, the*  
19 *written notice required pursuant to subsection 1 must be provided*  
20 *not less than 12 months before the expiration date of the*  
21 *affordability restriction that applies to the largest percentage of*  
22 *dwelling units in the project that are subject to affordability*  
23 *restrictions.*

24 *3. The written notice required to be provided to a tenant of*  
25 *the affected project pursuant to subsection 1 must include, without*  
26 *limitation:*

27 *(a) The program pursuant to which the affordability restriction*  
28 *is expiring;*

29 *(b) The number of dwelling units affected by the expiration;*

30 *(c) The anticipated date of the expiration;*

31 *(d) A statement that the written notice is not a notice to vacate*  
32 *the dwelling unit and that the tenant is not required to vacate the*  
33 *dwelling unit;*

34 *(e) A description of the effects of the expiration on the lease*  
35 *and future rent of the tenant;*

36 *(f) A description of the protections for tenants and resources*  
37 *for relocation set forth in the program pursuant to which the*  
38 *affordability restriction is expiring;*

39 *(g) A description of the protections for tenants and the*  
40 *resources for relocation set forth in chapters 118, 118A and 118B*  
41 *of NRS;*

42 *(h) A description of the resources for housing assistance in the*  
43 *local community; and*

44 *(i) The contact information of the owner of the project.*



1       4.   *The written notice required to be provided to the governing*  
2 *body of each applicable county and city, the Division and each*  
3 *owner who has an ownership interest in a qualified low-income*  
4 *housing project pursuant to subsection 1 must include, without*  
5 *limitation:*

6       (a) *The program pursuant to which the affordability restriction*  
7 *is expiring;*

8       (b) *The number of dwelling units that will be affected by the*  
9 *expiration;*

10       (c) *The anticipated date of the expiration of the affordability*  
11 *restriction;*

12       (d) *Information regarding the disposition of the project after*  
13 *the expiration of the affordability restriction, including, without*  
14 *limitation:*

15           (1) *Whether the owner intends to make the project available*  
16 *for purchase; and*

17           (2) *If applicable, the time frame for the submission of*  
18 *offers to purchase the project;*

19       (e) *An identification of whether the owner receives a property*  
20 *tax exemption for the project pursuant to NRS 361.082 and*  
21 *whether the owner intends to maintain the exemption after the*  
22 *expiration of the affordability restriction; and*

23       (f) *The contact information of the owner of the project.*

24       5.   *After providing the written notice required pursuant to*  
25 *subsection 1, an owner shall hold at least one meeting for tenants*  
26 *of the affected project to discuss the information contained in the*  
27 *written notice and answer any questions regarding the written*  
28 *notice. Notice of such meeting must be provided to each tenant of*  
29 *the affected project not less than 5 business days before the*  
30 *meeting.*

31       6.   *The Division may impose an administrative fine of not*  
32 *more than \$10,000 upon an owner who fails to provide the written*  
33 *notice required pursuant to subsection 1. The Division may use*  
34 *not more than \$500 of the money collected from the imposition of*  
35 *the fine to cover the costs of collecting the fine.*

36       7.   *The Division may adopt regulations to carry out the*  
37 *provisions of this section.*

38       **Sec. 5. 1.** *If an owner of a project intends to maintain an*  
39 *affordability restriction on a project after the expiration of the*  
40 *affordability restriction, the owner must:*

41       (a) *Provide written notice to the Division not less than 12*  
42 *months before the expiration of the affordability restriction that*  
43 *the owner will voluntarily maintain the affordability restriction*  
44 *after the date of expiration; and*



1 (b) *Submit an annual report to the Division for as long as the*  
2 *owner voluntarily maintains the affordability restriction on*  
3 *the project. The annual report must include, without limitation,*  
4 *the number of dwelling units in the project on which the owner*  
5 *has voluntarily maintained the affordability restriction.*

6 2. *The owner of a project that has voluntarily maintained an*  
7 *affordability restriction on a project must provide written notice at*  
8 *least 12 months before ending the affordability restriction to:*

9 (a) *The governing body of each county and, if applicable, city*  
10 *within which some or all of the project is located.*

11 (b) *The Division. Upon receipt of such notice, the Division*  
12 *shall provide written notice to each owner who has an ownership*  
13 *interest in a qualified low-income housing project in this State.*

14 (c) *Each tenant of the affected project.*

15 3. *The written notice required to be provided to a tenant of*  
16 *the project pursuant to subsection 2 must include, without*  
17 *limitation:*

18 (a) *The number of dwelling units affected by the owner ending*  
19 *the affordability restriction;*

20 (b) *The anticipated date that the affordability restriction will*  
21 *end;*

22 (c) *A statement that the written notice is not a notice to vacate*  
23 *the dwelling unit and that the tenant is not required to vacate the*  
24 *dwelling unit;*

25 (d) *A description of the effects of ending the affordability*  
26 *restriction on the lease and future rent of the tenant;*

27 (e) *A description of the protections for tenants and resources*  
28 *for relocation set forth in the program pursuant to which the*  
29 *affordability restriction is expiring;*

30 (f) *A description of the protections for tenants and the*  
31 *resources for relocation set forth in chapters 118, 118A and 118B*  
32 *of NRS;*

33 (g) *A description of the resources for housing assistance in the*  
34 *local community; and*

35 (h) *The contact information of the owner of the project.*

36 4. *The written notice required to be provided to the governing*  
37 *body of each applicable county and city, the Division and each*  
38 *owner who has an ownership interest in a qualified low-income*  
39 *housing project pursuant to subsection 2 must include, without*  
40 *limitation:*

41 (a) *The number of dwelling units that will be affected by the*  
42 *expiration;*

43 (b) *The anticipated date that the affordability restriction will*  
44 *end;*



1 (c) *Information regarding the disposition of the project after*  
2 *the ending of the affordability restriction, including, without*  
3 *limitation:*

4 (1) *Whether the owner intends to make the project available*  
5 *for purchase; and*

6 (2) *If applicable, the time frame for the submission of*  
7 *offers to purchase the project;*

8 (d) *An identification of whether the owner receives a property*  
9 *tax exemption for the project pursuant to NRS 361.082 and*  
10 *whether the owner intends to maintain the exemption ending the*  
11 *affordability restriction; and*

12 (e) *The contact information of the owner of the project.*

13 5. *The Division may adopt regulations to carry out the*  
14 *provisions of this section.*

15 **Sec. 6.** 1. The provisions of sections 2 to 5, inclusive, of this  
16 act apply to:

17 (a) Every owner of a project that is subject to an affordability  
18 restriction on or after October 1, 2021; and

19 (b) Every owner of a project that on October 1, 2021, has  
20 voluntarily maintained an affordability restriction after the  
21 expiration of the affordability restriction.

22 2. As used in this section:

23 (a) "Affordability restriction" has the meaning ascribed to it in  
24 section 2 of this act.

25 (b) "Owner" has the meaning ascribed to it in section 2 of this  
26 act.

27 (c) "Project" has the meaning ascribed to it in section 2 of this  
28 act.

